

Exhibit 2

CHETRIT GROUP, LLC
512 SEVENTH AVENUE, 15TH FLOOR
NEW YORK, NY 10018
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October 23, 2012

Mr. Nicolas Bourg
Swiss Development Group

RE: FLATOTEL

Dear Nicolas,

The offering presents a once in a lifetime opportunity for an investor to acquire an extremely well located, midtown hotel that currently offers 288 oversized guest rooms (272 excluding floors 28, 29 and 30), a food and beverage outlet, penthouse gym and 14,000 square feet of meeting space. The property will be delivered unencumbered by brand and management.

Moreover, the hotel offers almost 300,000 square feet of gross buildable area that could be renovated and repositioned into a four plus star hotel and/or mixed-use hotel, residential and/or office complex.

Located at 135 West 52nd Street, between Sixth and Seventh Avenues, the Property is located within one of Manhattan's most sought after retail, lodging, office and residential neighborhoods. Located between Times Square and Columbus Circle in the heart of midtown Manhattan, the Property offers convenient access to all the City has to offer.

The New York City office market ended the first quarter of 2012 with a vacancy rate of 7.3%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 254,034 square feet in the first quarter.

The Midtown Class A asking rent increased to \$66.15 PSF in the first quarter of 2012. Asking rents in Midtown continue to escalate, with premium Midtown spaces commanding rents in excess of \$140 psf. These increased rental rates, as well as lack of available space and compression in the market, have helped raise rates in the Times Square submarket.

Through the first quarter of 2012, the Manhattan luxury market has shown increased signs of recovery with average per square foot prices reaching \$2,073.

As economic fundamentals improve, the Midtown/Times Square luxury market will reap the rewards. With expanding and existing amenities, higher density and more attractions, the Midtown/Times Square residential market is on the precipice of extreme growth in the next several years.

Despite recent economic headwinds, continued demand pressures have resulted in relatively resilient residential rental rates. Notable Manhattan luxury building rental rates are roughly \$96 per square foot.

We have also forwarded to you the actual purchase and sale agreement that is being negotiated and will be finalized very soon.

I am also attaching a project valuation about the costs of development.

The acquisition of the building is \$180,000,000, plus an additional \$7,000,000 in closing costs.

We are projecting to get a first mortgage of \$115,000,000 from a financial institution and from the seller a \$60,000,000 mezz loan at 6% interest rate.

We need, in addition:

1. an initial capitalization of \$50,000,000 at closing,
2. \$10,000,000 12 months after obtaining the construction permits and;
3. \$15,000,000 24 months after obtaining the construction permits.

So, the transaction in our partnership is as follows:

Between Chetrit and SDG, we will own 75% of the venture.

The capital to be brought by SDG is 70% of the funds needed and by Chetrit is 30% of the funds needed.

The profit sharing is 50% SDG and 50% Chetrit

The deposit and the raise needed for this week's signing is \$20,000,000, (of which \$18,000,000 will go for the deposit) where our 75% share is, providing SDG participates:

SDG \$10,500,000 and

Chetrit \$4,500,000.

The closing is in 90 days from signing

We will have an agreement drawn between us that will cover the terms and operations of our joint venture. We will be the general manager of the operations and in charge of the day to day operations.

Should you have any questions, please don't hesitate to contact me, but as you know, time is pressing for signing the purchase and sale agreement

FLATOTEL INVESTMENT

% of Capital	% of Profit	From	Total Capital Needed	Contract ¹	Closing ²	Phase I ³	Phase II ⁴
52.5	37.5	SDG	39,375,000.	10,500,000.	15,750,000.	5,250,000.	7,875,000.
22.5	37.5	CHETRIT	16,875,000.	4,500,000.	6,750,000.	2,250,000.	3,375,000.
25	25	INVESTOR	18,750,000.	5,000,000.	7,500,000.	2,500,000.	3,750,000.
			75,000,000.	20,000,000.	30,000,000.	10,000,000.	15,000,000.

¹Contract: \$18,000,000 for deposit + \$2,000,000 for disbursements for soft costs and disbursements between contract and closing.

²Closing: within 90 days.

³Phase I: an additional capital 12 months after obtaining construction permits.

⁴Phase II: an additional capital 24 months after obtaining constructions permits

BORROWER BUDGET
ELATIEL
 New York, NY

Stories	46		
Start Date:	01-Feb-13		
Finish Date:	01-Sep-14		
Months:	19		
Sales	24		
Sell out	01-Mar-15		
Net Sellable Avg/Unit SqFt	1,500		
Res Units	120		
Total Units	120		
		Not Residential	189,000
		Office	55,000
		Retail	12,000
		Gross above grade	272,551
		cellar	12,552
		GSF with Cellar	285,103

Development Budget

		Cost/Unit	Cost/RSF	Cost/GSF	
Land	Land	\$ 1,500,000	\$ 14,340.34	\$ 630.47	\$ 180,000,000
	Subtotal	\$ 1,500,000	\$ 14,340.34	\$ 630.47	\$ 180,000,000
Hard Costs	Res Conversion	\$ 416,667	\$ 3,983.43	\$ 175.13	\$ 50,000,000
	Office	\$ 83,333	\$ 796.69	\$ 35.03	\$ 10,000,000
	Total				\$ 60,000,000
	Contingency				\$ 3,000,000
	Subtotal	\$ 500,000	\$ 4,019.12	\$ 210.16	\$ 63,000,000
Soft Costs	Impact Fees	\$ -	\$ -	\$ -	\$ -
	AdE	\$ 23,792	\$ 227.46	\$ 10.00	\$ 3,855,630
	Survey/Soil	\$ 1,190	\$ 11.37	\$ 0.50	\$ 142,752
	Appraisal/Inspection	\$ 2,500	\$ 23.90	\$ 1.05	\$ 300,000
	Marketing & Models	\$ 12,500	\$ 119.50	\$ 5.25	\$ 1,500,000
	Revenue during Construction	\$ -	\$ -	\$ -	\$ -
	Lease-up Expense Pre Opening	\$ 8,333	\$ 79.67	\$ 3.50	\$ 1,000,000
	Legal/Accounting/G&A	\$ 3,750	\$ 35.85	\$ 1.58	\$ 450,000
	Subtotal	\$ 52,065	\$ 497.75	\$ 21.88	\$ 6,247,782
Fees	Developer Overhead (\$3.50/GSF)	\$ -	\$ -	\$ 3.50	\$ -
	Subtotal	\$ -	\$ -	\$ -	\$ -
Transaction Costs	Broker Fees/Lender Fees/Closing Costs	\$ 41,667	\$ 398.34	\$ 17.51	\$ 5,000,000
	Subtotal	\$ 41,667	\$ 398.34	\$ 17.51	\$ 5,000,000
Operational Reserves	Land Carry/Acquisition Costs	\$ -	\$ -	\$ -	\$ -
	Insurance Reserve	\$ 10,500	\$ 100.35	\$ 4.41	\$ 1,200,000
	RE Taxes During Construction	\$ 41,667	\$ 398.34	\$ 17.51	\$ 5,000,000
	Interest Reserve	\$ 208,222	\$ 1,991.71	\$ 87.56	\$ 25,000,000
	Subtotal	\$ 260,389	\$ 2,490.41	\$ 109.49	\$ 31,200,000
TOTAL COSTS-BORROWER		\$ 2,379,232	\$ 22,746.00	\$ 1,000.02	\$ 285,507,782
Contingency		\$ 41,667	\$ 398.34	\$ 17.51	\$ 5,000,000
TOTAL COSTS		\$ 2,420,899	\$ 23,144.34	\$ 1,017.53	\$ 290,507,782
SUBTOTAL		\$ 2,420,899	\$ 23,144.34	\$ 1,017.53	\$ 290,507,782

Flatotel
Project Valuation

Res Valuation

Total Residential Square Footage	180,000		180000		180000
Price per ft	\$2,000.00	\$	2,200.00	\$	2,400.00
Gross Revenue	\$360,000,000	\$	396,000,000.00	\$	432,000,000.00
Net of Commission	<u>345,600,000</u>	\$	380,160,000.00	\$	414,720,000.00

Office Valuation

Total Retail Square Footage	68,750				
Average Rent/SF	\$80.00				
Gross Revenue	\$5,500,000				
Expenses	550,000				
NOI	\$4,950,000				

VALUATION AT 5.5 CAP

<u>\$90,000,000</u>	\$90,000,000	\$90,000,000
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Retail

Total sq ft	6,000		6,000		6,000
Average Rent	150		150		150
Gross Revenue	\$ 900,000	\$	900,000	\$	900,000
NET	\$810,000.00		\$810,000.00		\$810,000.00

Valuation at 4.5 Cap

<u>\$18,000,000</u>	<u>\$18,000,000</u>	<u>\$18,000,000</u>
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Total Valuation

<u>\$453,600,000</u>	<u>\$488,160,000</u>	<u>\$522,720,000</u>
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Total Development Budget

\$290,507,782	\$290,507,782	\$290,507,782
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Project Profit

\$163,092,218	\$197,652,218	\$232,212,218
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